

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayer
Marshall Johnson
Ken Nickolai
Thomas Pugh
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Application of CenterPoint
Energy Minnegasco, a Division of CenterPoint
Energy Resources Corp., for Authority to
Increase Natural Gas Rates in Minnesota

ISSUE DATE: September 7, 2004

DOCKET NO. G-008/GR-04-901

ORDER ACCEPTING FILING,
SUSPENDING RATES, AND REQUIRING
FURTHER FILINGS

PROCEDURAL HISTORY

On July 14, 2004, CenterPoint Energy Minnegasco (Minnegasco), a Division of CenterPoint Energy Resources Corp., filed a petition for a general increase in gas rates. Minnegasco seeks to increase revenues by \$21,772,000, or approximately 1.8%. For the test year Minnegasco proposed to use the forecasted test year ending September 30, 2005, adjusted for certain known and measurable changes. Minnegasco proposed that rates be effective within ten months of the filing.

On July 15, 2004, the Commission issued a notice requesting comments on whether Minnegasco's filing complies with the requirements in Minnesota Statutes § 216B.16, Minnesota Rules parts 7825.3100 to 7825.4400 and prior Commission Orders. The Commission also requested comments on whether the matter should be referred to the Office of Administrative Hearings (OAH) for a contested case proceeding.

On July 26, 2004, the Minnesota Department of Commerce (the Department) filed comments. Based on its review of Minnegasco's petition, and on Minnegasco's commitment to file certain additional information, the Department recommended that the Commission accept Minnegasco's filing as complete and refer this matter to the OAH for a contested case proceeding.

On August 9, 2004, Minnegasco filed supplemental exhibits setting forth various assumptions underlying its petition, especially regarding the allocation of costs and revenues among Minnegasco, CenterPoint Energy Resources Corp. and affiliated entities.

This matter came before the Commission on August 26, 2004.

FINDINGS AND CONCLUSIONS

I. ACCEPTANCE OF FILING

Having examined the filing and having considered the comments of the Department and the responses of Minnegasco, the Commission finds that the filing as supplemented on August 9, 2004, substantially complies with the statute (Minnesota Statutes § 216B.16), applicable rules (Minnesota Rules, parts 7825.3100 to 7825.4600) and Commission Orders. This is a finding as to form only; it implies no judgment on the merits of the application.

However, while Minnegasco has substantially complied with the minimum filing requirements, the Commission nevertheless finds that Minnegasco should submit supplemental direct testimony on one additional issue.

II. SUPPLEMENTAL FILING

Various utilities have developed service quality plans and regularly report on the status of their service quality.¹ Minnegasco agreed to develop its own service quality plan as a condition of receiving Commission approval for a corporate restructuring,² and the Commission has directed Minnegasco to develop such a plan.³ But Minnegasco did not include any service quality plan as part of its current rate case.

The rates that Minnegasco seeks to charge to recover its cost of providing service are directly related to the quality of its service. Rates do not exist in isolation. They have meaning only when one knows the services to which they are attached; any claim for excessive rates can be couched as a claim for inadequate services and vice versa.

Consequently, the Commission will direct Minnegasco to supplement the record by filing testimony regarding a proposed service quality plan. In the interest of providing other parties adequate time to review and comment on the plan, the Commission will direct Minnegasco to file the supplemental testimony not less than 30 days before the other parties to the docket are scheduled to file direct testimony on service quality.

¹ See, for example, *In the Matter of the Application of Northern States Power Company for Approval to Merge with New Century Energies, Inc.*, Docket No. E,G-002/PA-99-1031 ORDER APPROVING MERGER, AS CONDITIONED (June 12, 2000).

² *In the Matter of a Petition by Minnegasco, a Division of Reliant Energy Resources Corp., for Approval of Various Aspects of a Corporate Restructuring*, Docket No. G-008/PA-01-1694, ORDER APPROVING ASSET TRANSFER WITH CONDITIONS (April 1, 2002) (pp. 2-3).

³ *In the Matter of an Inquiry into Possible Effects of the Financial Difficulties at Reliant Energy, Inc. on Reliant Energy Minnegasco and its Customers*, Docket No. G-008/CI-02-1368 ORDER REQUIRING FILINGS TO PROTECT MINNESOTA RATEPAYERS (April 8, 2003).

III. SUSPENSION OF RATES

Under Minnesota Statutes § 216B.16 the rates proposed by Minnegasco become effective 60 days from filing unless they are suspended by the Commission. The Commission finds that it cannot resolve all issues regarding the reasonableness of the proposed rates within this 60 day period and that the public interest requires suspension. The Commission will therefore suspend the operation of the proposed rate schedule under Minnesota Statutes § 216B.16, subd. 2.

By separate Order the Commission has found that contested case proceedings are necessary for adequate examination of the merits of the proposed rate change. See NOTICE AND ORDER FOR HEARING entered in this docket on this date. Rates will remain suspended until the conclusion of those proceedings.

The Commission will establish interim rates for the suspension period, under Minnesota Statutes § 216B.16, subd. 3, by separate Order.

ORDER

1. Minnegasco's petition is accepted as being in proper form and substantially complete as of August 9, 2004.
2. Minnegasco shall file supplemental direct testimony regarding a service quality plan not less than 30 days before other parties are scheduled to file direct testimony on service quality.
3. The operation of the proposed rate schedule is hereby suspended under Minnesota Statutes § 216B.16, subdivision 2, until the Commission has issued a final determination in this case.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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